

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 EPA-01 FPC-01

ACDA-07 ERDA-05 NEA-10 DODE-00 PA-01 PRS-01 FEA-01

/089 W

-----120434Z 031253 /72-62

R 120331Z APR 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3190

INFO AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EAID EFIN KS

SUBJ: DPM NAM DUCK-WOO'S TRIP TO EUROPE

1. EMBOFFS CALLED APRIL 11 ON TCHAH HWA-JUNE, DIRECTOR, BUREAU OF ECONOMIC COOPERATION, ECONOMIC PLANNING BOARD, TO DISCUSS DPM NAM DUCK-WOO'S RECENT EUROPEAN TRIP. PRIOR TO THE NINTH MEETING OF THE INTERNATIONAL ECONOMIC CONSULTATIVE ORGANIZATION FOR KOREA (IECOK) IN PARIS, DPM NAM, ACCOMPANIED BY TCHAH AND ELEVEN OTHER GOVERNMENT OFFICIALS, CONSULTED WITH GOVERNMENT OFFICIALS AND BUSINESSMEN IN ZURICH, VIENNA, AND PARIS. AFTER THE IECOK, DPM NAM AND HIS PARTY SPENT TWO DAYS IN TOKYO.

2. TCHAH CONFIRMED RECENT PRESS REPORTS THAT THE DELEGATION HAD FOUND THE EUROPEANS INTERESTED IN KOREA AND THE KOREAN MARKET. HE ADDED THAT THE SWISS, AUSTRIAN AND FRENCH GOVERNMENTS AS A WHOLE HAD AGREED IN PRINCIPLE TO PROVIDE GOVERNMENT GUARANTEES FOR POSSIBLE SYNDICATED BANK LOANS UP TO A TOTAL OF \$1 BILLION FOR 10 PROJECTS

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IN KOREA'S FOURTH FIVE-YEAR PLAN. THE \$1 BILLION INCLUDES \$400 MILLION IN FRENCH GOVERNMENT GUARANTEES FOR CONSTRUCTION OF THE 5 AND 6 NUCLEAR POWER PLANTS IF FRENCH INTERESTS RECEIVE THE CONTRACT. TCHAH WAS CARE-

FUL TO EXPLAIN THAT ON THIS TRIP THE ROK DELEGATION HAD NOT AGREED, EVEN IN PRINCIPLE, TO AWARD ANY CONTRACT TO

A PARTICULAR COMPANY. THE ROKS STRESSED THAT THE CONTRACTS WOULD BE OPEN FOR COMPETITIVE BIDDING AND THAT THE CONTRACT AWARD WOULD BE BASED UPON THE LOWEST BID. FINANCING WOULD SUBSEQUENTLY BE SOUGHT ON THE BASIS OF THE APPROVED BIDS.

3. TCHAH CONFIRMED IN GENERAL THE FOLLOWING LIST (WHICH APPEARED IN THE KOREAN PRESS) OF THE 10 PROJECTS NOTED ABOVE: (1) A THERMAL ELECTRIC POWER GENERATING STATION IN ULSAN, (2) FURTHER EXPANSION OF THE SSANGYONG CEMENT PLANS, (3) THE FOURTH-PHASE EXPANSION PROJECT OF POHANG IRON AND STEEL CO. MILLS, (4) CONSTRUCTION OF HYUNDAI'S INTEGRATED MACHINERY PLANT AT CHANGWON, (5) A PLANT FOR MANUFACTURING LARGE-SIZED ENGINES, (6) YIMGYE DAM, (7) AN OIL REFINERY IN ONSAN, (8) A NUCLEAR POWER LABORATORY, (9) PAIDANG RESERVOIR, AND (10) THE 5TH AND 6TH NUCLEAR POWER PLANTS.

4. TCHAH FURTHER NOTED THAT THE EUROPEANS HAD EXPRESSED SOME INTEREST IN POSSIBLE JOINT VENTURES WITH KOREAN COMPANIES IN CONSTRUCTION SERVICES AND PLANT EXPORTS TO THIRD COUNTRIES, PRINCIPALLY THE MIDDLE EAST. THE FRENCH ESPECIALLY WERE INTERESTED IN "EXPORTING COMPLETE PLANTS" USING KOREAN LABOR AND FRENCH TECHNOLOGY, DESIGNS, ETC. TCHAH CLAIMED THAT THE ROKS WERE COOL TO THIS IDEA, FEELING THEY WERE CAPABLE OF DOING THE JOB WITHOUT A JOINT-VENTURE RELATIONSHIP. THEY HAD TOLD THE FRENCH THAT THIS WOULD HAVE TO BE A PRIVATE MATTER BETWEEN ROK COMPANIES AND THE FRENCH. THE PRESS HAS LIMITED OFFICIAL USE

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SUBSEQUENTLY REPORTED THE PROPOSED ESTABLISHMENT OF A COUNSELLING CENTER AT THE FEDERATION OF KOREAN INDUSTRIES TO ADVISE LOCAL BUSINESSMEN ON EXPORTS TO EUROPE, INVESTMENT OPPORTUNITIES BY EUROPEAN INTERESTS, AND AS "A WINDOW FOR DOMESTIC BUSINESSMEN IN CONTRACTING AND NEGOTIATING WITH EUROPEAN BUSINESS GROUPS". THE CENTER IS REPORTED AS HAVING BEEN "PROMPTED" BY NAM'S RECENT TRIP TO EUROPE.

COMMENT: NAM'S EUROPEAN TRIP WAS ANOTHER STEP IN THE ROK'S CONTINUING EFFORTS TO DIVERSIFY MARKETS AND SOURCES OF FINANCING. THAT THE LATTER IS BEARING FRUIT IS DEMONSTRATED BY THE FACT THAT BY THE END OF 1976 EEC COUNTRIES AS A BLOC NOW HAVE THE LARGEST CUMULATIVE TOTAL OF COMMERCIAL LOANS (\$2.1 BILLION) ADVANCED TO THE ROK WITH THE FRENCH A STRONG SECOND TO THE U.K. (\$244 MILLION ALONE APPROVED IN 1976) AS A PRINCIPAL SOURCE OF COMMERCIAL FINANCING.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE VISITS, MARKET OPPORTUNITIES, BANK LOANS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SEOUL02931
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770125-1216
Format: TEL
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770465/aaaacetj.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c23dbda6-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2831587
Secure: OPEN
Status: NATIVE
Subject: DPM NAM DUCK-WOO'S TRIP TO EUROPE
TAGS: EAID, EFIN, KS, (NAM DUCK-WOO)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c23dbda6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009